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93-253

CHAIRMAN'S CONGRESSIONAL REPLY COVER SHEET

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JUN 21 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Incoming: Honorable Ted Stevens

Subject: Impact of the competitive bidding provisions of the 1993 Budget Act on small business, businesses in rural areas, and businesses owned by minority groups and women.

Background: On Oct. 12, 1993, the Commission released its Spectrum Auction NPRM in PP Docket 93-253 to implement the competitive bidding provisions of the 1993 Budget Act. It sought comment on, among other things, how to provide access by those designated entities to the spectrum auction process, and offered several proposals in that area.

Outgoing: An item is being drafted for the Commission that will adopt its competitive bidding rules, pursuant to the Congressional mandate to design an equitable system of competitive bidding.

Bureau: Common Carrier

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May 26, 1992

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FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON

April 26, 1994

OFFICE OF
THE CHAIRMAN

The Honorable Ted Stevens
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Stevens:

This is in reply to your letter of February 28, 1994 concerning the participation by minorities, women, small business and rural areas in the telecommunications industry generally and in the Personal Communications Services (PCS) specifically. The Commission has recently taken actions that I believe comport with the intent of the legislation authorizing spectrum auctions and PCS licensing.

Specifically, on March 8, 1994, the Commission adopted a Report and Order in its Competitive Bidding proceeding, PP Docket No. 93-253. We adopted a broad menu of tools to assist small businesses, rural telephone companies, and businesses owned by women and minorities ("designated entities"). For example, we established an installment payment program for small businesses so that they could pay for their licenses over time, thereby conserving scarce capital. We provided for bidding credits for use by the designated entities so that they could compete more effectively against large, "deep pocket" bidders. We also provide, in appropriate cases, for the set aside of certain blocks of spectrum for which only designated entities may apply.

At its April 20, 1994 meeting, the Commission also adopted, although it has not yet released, an order establishing rules and procedures for the auction of narrowband PCS licenses. Under the terms of that order, all small businesses will be able to pay for any Basic Trading Area, Major Trading Area, or regional narrowband PCS license in installments over the term of the licenses. We also established a substantial (25%) bidding credit for use by businesses owned by women and members of minority groups bidding on certain narrowband PCS licenses. We intend to employ tax certificates to allow licensees to attract startup capital and to encourage licensees to transfer narrowband PCS licenses to firms owned by women and minorities in aftermarket transactions.

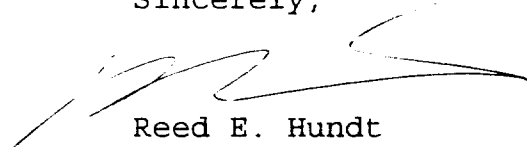
In your letter you suggest that the Commission consider the work of the Small Business Administration (SBA) in deciding who qualifies for measures designed to aid the designated entities. The Commission, in its March 8 order, generally adopted the SBA's existing net worth/income size standard in determining whether a business qualifies as a small business for purposes of designated entity status.

The Honorable Ted Stevens
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The Commission is committed to structuring a process that can bring about tangible participation. We hope to take additional steps towards carrying out the intent of Congress as the auction process proceeds.

We appreciate very much receiving your letter.

Sincerely,

A handwritten signature in black ink, appearing to be 'Reed E. Hundt', with a long horizontal flourish extending to the right.

Reed E. Hundt

02-28-94 05:02PM

FROM SENATOR STEVENS

TO 96327092

P001/002

OPP
Auctions
887

OFFICE OF SENATOR TED STEVENS

Washington, D.C. 20510

phone: (202) 224-3004

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TO: The Honorable Reed Hundt, Chairman
Attn: Lon Sizemore

FROM: Senator Ted Stevens

DATE: 2/28/94

OF PAGES TO FOLLOW: 1

MESSAGE: Letter regarding PCS

auction and licensing rules.

Any problems or questions,

please contact Earl Comstock

at 224-5181.

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COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

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February 28, 1994

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

Senator Inouye and I worked closely with our fellow conferees to ensure that provisions safeguarding access for small businesses, rural areas, minorities and women were included in legislation authorizing spectrum auctions and licensing for Personal Communications Services (PCS). It is my understanding that you will be taking action on rules for PCS auctions and licenses in the immediate future, and it is my hope that you will keep the spirit of these provisions in mind as you move forward.

The Congress has a long history of support for measures to encourage participation by minorities, women, small business and rural areas in the telecommunications industry. It is vital to the continued growth and diversity of this industry that these groups not be left out of the next generation of services. In particular, the Commission should allow the use of bidding preferences, tax certificates, and other similar measures in auctions involving these groups.

In putting together rules for determining who qualifies for measures designed to aid these groups I urge you to consider the extensive work done in this area by the Small Business Administration (SBA). Use of the same SBA eligibility standards will not only save your agency time, but will ensure that disadvantaged groups will already be familiar with the process.

Finally, I hope the Commission will keep participation by these groups in mind as you formulate the rules for aggregation of spectrum -- allowing a flexible aggregation scheme for minorities, women, small business and rural areas will help ensure that these groups are not left behind.

With best wishes,

Cordially,


TED STEVENS